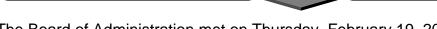


CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM BOARD OF ADMINISTRATION

MINUTES OF MEETING

Thursday, February 19, 2009



The Board of Administration met on Thursday, February 19, 2009 in the Lincoln Plaza North Building, Auditorium, 400 Q Street, Sacramento, California.

The meeting was called to order at approximately 9:00 a.m. and the following members were present:

Rob Feckner, President
George Diehr, Vice President
Marjorie Berte
John Chiang represented by Terry McGuire
Patricia Clarey
David Gilb represented by Greg Beatty
Henry Jones
Bill Lockyer represented by Grant Boyken
Priya Mathur
Louis F. Moret
Tony Oliveira
Kurato Shimada

Board of Administration Members excused: Charles Valdes

AGENDA ITEM 3 – APPROVAL OF DECEMBER 2008 MEETING MINUTES

On **MOTION** by Mr. Diehr, **SECONDED** and **CARRIED** that the December 17, 2008 Open Session minutes be approved as presented.

AGENDA ITEM 4 – ELECTION OF PRESIDENT AND VICE PRESIDENT FOR CALENDAR YEAR 2009

On **MOTION** by Ms. Mathur, **SECONDED** and **CARRIED**, the Board re-elected Rob Feckner as President of the Board of Administration.

On **MOTION** by Mr. Jones, **SECONDED** and **CARRIED**, the Board re-elected George Diehr as Vice President of the Board of Administration.

Board of Administration 1 February 19, 2009

AGENDA ITEM 5 - CHIEF INVESTMENT OFFICER REPORT

Ted Eliopoulos, Interim Chief Investment Officer presented the report to the Board.

The Fiscal year to date return is negative 26 percent. The calendar year return is negative 26.4 percent. As of market close on February 10, 2009, the market value of the total fund was \$174.8 billion.

AGENDA ITEM 6 – INVESTMENT COMMITTEE

George Diehr, Chair, Investment Committee, presented the Committee Summary report to the Board. The Committee met on Tuesday, February 17, 2009

Additional information may be found in the February 17, 2009 Agenda materials and or transcripts of the Committee meeting.

The next Investment Committee meeting is scheduled for March 16, 2009 in Sacramento, California.

AGENDA ITEM 7 – BENEFITS AND PROGRAM ADMINISTRATION COMMITTEE

Kurato Shimada, Chair, Benefits and Program Administration Committee, presented the Committee Summary report to the Board. The Committee met on Wednesday, February 18, 2009.

Additional information may be found in the February 18, 2009 Agenda materials and/or transcripts of the Committee meeting.

On motion by the Committee, the Board approved the following:

- Sponsor legislation to specifically authorize the refunding of accumulated contributions to members when they reach 70 years of age
- The three highest-scoring proposers for the Federal Legislative Representative Request for Proposal to be considered Finalists and to be interviewed by the Board.
- The notice of Election and Schedule of events for the 2009 Member-At-Large Board Election
- Modifying the existing scoring policy regarding the Board's evaluating bidders and awarding contracts to utilize a "trimmed average" scoring methodology, in which, unless the Board elects a modified procedure for a particular solicitation, the Board will (1) set the maximum point allocations for scoring by staff and by the Board, (2) interview and score up to the top four bidders except in the case of pool awards, and (3) will utilize a "trimmed average" scoring methodology for awarding points for the Board interviews
- The 2008 Cost-of-Living Report with instructions to file the Report with the Governor and the Legislature
- Appointment of Ron Seeling, Chief Actuary, as the CalPERS representative to the California Actuarial Advisory Panel
- The acceptance of EFI's Final Actuarial Report

The next Benefits and Program Administration Committee is scheduled for March 17, 2009 in Sacramento, California.

AGENDA ITEM 8 – HEALTH BENEFITS COMMITTEE

Priya Mathur, Chair, Health Benefits Committee, presented the Committee Summary report to the Board. The Committee met on Wednesday, February 18, 2009.

Additional information may be found in the February 18, 2009 Agenda materials and/or transcripts of the Committee meeting.

On motion by the Committee, the Board approved the following:

 Staff's recommendation to make no changes to the existing contracting agency regions used for regional pricing for the 2010 rate year, and re-examine region composition for the 2011 rate year.

The next Health Benefits Committee is scheduled for March 17, 2009 in Sacramento, California.

AGENDA ITEM 9 – FINANCE COMMITTEE

Tony Oliveira, Chair, Finance Committee, presented the Committee Summary report to the Board. The Committee met on Wednesday, February 18, 2009.

Additional information may be found in the February 18, 2009 Agenda materials and/or transcripts of the Committee meeting.

On motion by the Committee, the Board approved the following:

- The draft Management Letter, as prepared by Macias Gini & O'Connell, LLP for fiscal year ended June 30, 2008
- Changes to the CalPERS 2008-11 three-year business plan and transmittal to the Legislature

The next Finance Committee is scheduled for March 13, 2009 in Sacramento, California.

AGENDA ITEM 10 - PERFORMANCE AND COMPENSATION COMMITTEE,

Priya Mathur, Chair, Performance and Compensation Committee, presented the Committee Summary report to the Board. The Committee met on Tuesday, February 17, 2009.

Additional information may be found in the February 17, 2009 Agenda materials and/or transcripts of the Committee meeting.

On motion by the Committee, the Board approved the following:

- The first and second quarter status reports on the performance plans of the Interim Chief Executive Officer, Chief Actuary, General Counsel, Interim Chief Investment Officer and direct reporting staff
- Final of the 2008-2009 performance plans for the recently appointed Senior Portfolio Managers and Portfolio Managers.

The next Performance and Compensation Committee is scheduled for March 16, 2009 in Sacramento, California.

AGENDA ITEM 11 – BOARD MEETING CALENDAR

Anne Stausboll noted that the schedule of the Federal Workshop in April 2009 may be revised.

AGENDA ITEM 12 - CHIEF EXECUTIVE OFFICER'S REPORT

Anne Stausboll reported on the Board's annual winter offsite meeting, new hires, annual report on the CalPERS diversity program, and success of Women in Investments Conference which was hosted by CalPERS. Anne Stausboll noted that CalPERS participated in the State Employees Food Drive and \$10,887.90 in cash and over 64,000 pounds of food was donated by CalPERS employees. Ms. Stausboll thanked John Hobbs for his outstanding efforts in coordinating the food drive. On behalf of the entire staff, she acknowledged Anne Sheehan for her service on the Board.

AGENDA ITEM 13 – PENSION SYSTEM RESUMPTION PROJECT UPDATE

Staff gave a status report on the PSR project.

AGENDA ITEM 14 – BOARD'S STATE LEGISLATIVE PROGRAM/BOARD'S POSITION ON STATE LEGISLATION

Danny Brown, Interim Chief, Governmental Affairs, provided an update on various legislative bills and Committee Chairs.

AGENDA ITEM 15 – BOARD'S FEDERAL LEGISLATIVE PROGRAM/BOARD'S POSITION ON FEDERAL LEGISLATION

Tom Lussier, CalPERS' Federal Liaison provided updates on the following items:

- Economic stimulus plan and Health IT issues
- Issue of comparative effectiveness
- IRS compliance initiative

President Feckner raised a point of personal privilege and acknowledged Anne Sheehan for serving on the Board as a representative of the State Personnel Board. Ms. Sheehan was presented with a CalPERS Board Resolution.

Ms. Sheehan thanked her fellow Board Members and CalPERS staff.

AGENDA ITEM 16A THRU 16 Q - PROPOSED DECISIONS OF ADMINISTRATIVE LAW JUDGES

On **MOTION** by Mr. Oliveira, **SECONDED** and **CARRIED**, the Board adopted staff's recommendation on items 16A thru 16Q, removing item 16L. Ms. Berte abstained on items B and I.

AGENDA ITEM 17 - ROBERT WILSON - ADOPT BOARD DECISION

On **MOTION** by Mr. Diehr, **SECONDED** and **CARRIED**, the Board adopted staff's recommendation on the Final Decision concerning the appeal of Robert C. Wilson.

AGENDA ITEM 18 – GENERAL COUNSEL'S REPORT

Peter Mixon provided a report on General Counsel's matrix, as well as the new case reports.

AGENDA ITEM 19 – BOARD TRAVEL APPROVALS

On **MOTION** by Mr. Shimada, **SECONDED** and **CARRIED**, the Board approved the travel requests.

AGENDA ITEM 20 – DRAFT AGENDA FOR MARCH 18, 2009

The draft agenda was accepted.

AGENDA ITEM 21 - NEW BUSINESS AGENDA SETTING

No comments.

AGENDA ITEM 22 – PUBLIC COMMENTS

Randy Agee commented on Kaiser Permanente's services provided to his spouse. Kathleen McKenna, Representative, Kaiser Permanente responded to his concerns. Mr. Agee and Ms. McKenna will work together to come to a resolution.

Kenneth Moy commented on the matter of Steven J. Goldman, Agenda item 16L. Peter Mixon responded, stating that staff will work with Mr. Moy to come to an agreement.

AGENDA ITEM 23 – CLOSED SESSION

There being nothing further to come before the Board of Administration, the meeting adjourned at 10:53 am.

The next Board of Administration meeting is scheduled for March 18, 2009 in Sacramento, California.